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International
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Series

Country Market Survey

Household Consumer Products

Belgium

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International Trade Administration

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After several years of contraction, the Belgian market for household consumer products is expected to recover over the remainder of the 1980's. A drop in sales from $1.4 billion in 1983 to $1.2 billion in 1984 resulted not only from the far-reaching effects of the world recession on Belgium's open, trade-oriented economy, but also from a sharp increase in the value added tax[1] (see table 1 and figure 1). While Belgium's economy is expected to advance slowly, purchases of household products are foreseen growing some 4 percent yearly through 1989, to almost $1.5 billion. Industry analysts note the following favorable signs:

- The value of household expenditures has fallen faster than overall retail sales, suggesting that consumers have deferred purchases of durables, which they now will make over the next few years.
- Belgians take strong pride in their homes and therefore will continue to invest in household consumer products.
- Exorbitant labor costs and the persistently high unemployment rate have encouraged do-it-yourself home repair.

On the down side, trade sources note that the population is slowly declining. Moreover, economic policies are likely to remain tight to keep inflation at the single-digit levels it has only recently attained.

For U.S. firms, prospects are limited by the strong dollar and by inherent differences in American and Belgian lifestyles, particularly the much smaller scale typical of Belgian homes, gardens, and appliances. However, by carefully targeting their sales efforts and supporting them with appropriate promotional efforts, American vendors should be able to generate sales of $20 million by 1989, a slight rise from $19.5 million in 1984 (see table 2).

- The market for **lawn and garden products,** valued at $240 million in 1984, should top $290 million by 1989, with institutional buyers accounting for about 40 percent of the total. Gardening is a popular hobby among Belgians, even though most of the country's 2.5 million gardens are miniscule by U.S. standards. Despite their smallness, most yards are tended by power mowers, with manual models accounting for only 1 percent of the market. The market peaked in 1982; since then, sales of virtually every type of motorized garden tool have declined. Garden tools, lawn furniture, and outdoor lamps and lighting are also popular.
- **Housewares** represent about 65 percent of the market, with 1984 sales of $779 million. A 1989 market of about $950 million is forecast, based largely on gradually rising demand for medium-sized kitchen appliances, including microwave ovens and tabletop cookers. In the small appliances segment of the market, unit purchases of most items declined from their 1983 levels, though sales of coffee makers, toasters, slicers, and yogurt makers were up substantially. In value terms, purchasers of table and kitchenware are unlikely to do much more than regain their 1983 levels by 1989. Any growth will come at the upper end of the market, while low-end mass production items are likely to see negligible growth because of stiff price competition.
- Purchases of **bathroom accessories** are expected to remain relatively stagnant throughout the 1984-86 period, with only modest increases anticipated by 1989, to $107 million. All but 2 percent of Belgian dwellings have piped water, and most have their own bath or shower. Bathroom electrical appliances (hair dryers and shavers) account for almost one-fourth of this market. Unit sales of hair dryers jumped from 147,000 in 1983 to 175,000 the subsequent year, in part because of aggressive pricing. Sales of shavers, on the other hand, peaked at 293,000 in 1981 and had declined to 256,000 by 1984.
- Tight budgets have dictated a trend toward increased household purchases of **home, hand, and power tools,** pushing the market to reach a total of $117 million in 1989, up from $96 million in 1984. Do-it-yourself activity continues to grow, albeit at a slower pace than in the past few years. Hand tools continue to make up the largest share of the market, since Belgians tend to prefer working with manual rather than power tools. In 1989, however, power tools are expected to account for 36 percent of sales.

Table 1.—Belgium: Expenditures for household consumer products, 1984 and projected 1989
(in millions of U.S. dollars)

	1984	1989
Lawn and garden products		
Retail[1]	145	178
Institutional/service sector[2]	95	115
Total	240	293
Housewares		
Total	779	957
Bathroom accessories		
Total	89	107
Home, hand, and power tools		
Total	96	117
Grand total	1,204	1,474

[1] Retail sales apply only to sales to the ultimate end user (i.e., the consumer).
[2] Institutional/service sector sales apply only to sales to that sector.
Source: International Trade Administration, U.S. and Foreign Commercial Service research report, "The Market for Household Consumer Products in Belgium" (see Additional Information box). Figures in this report are based on data gathered in Belgium including available government statistics, industry reports, and trade source estimates and projections.

[1] All values are shown in U.S. dollars. Local currency data are converted at the following exchange rates: U.S.$1 = 51.13 Belgian Francs (1983), 57.78 Belgian Francs (1984), and 60.00 Belgian Francs (1985 and subsequent years). Values for years through 1985 are expressed in current rather than constant dollars/prices; values for 1986 and subsequent years are expressed in 1985 constant dollars/prices.

Competitive Environment

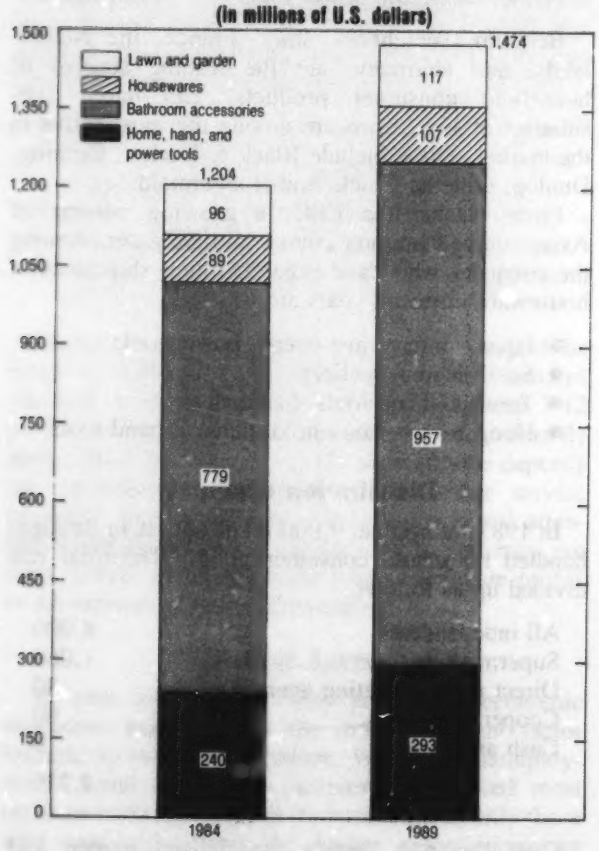
In the intensely competitive and international environment of the Belgian market, over 70 percent of household consumer products are provided by foreign vendors. In most product groups, domestic production is insignificant, and no local manufacturers have managed to attain multinational status. The Belgian market's small size and the absence of barriers to intra-European Economic Community (EEC) trade flows has left local buyers dependent on other EEC nations for 80 percent of imports.

U.S. suppliers.—Belgian imports of American-built household consumer products are said to depend not only on the strength of the dollar, but also on the intensity of U.S. marketing efforts. In addition, a number of prominent American suppliers have subsidiaries elsewhere in Europe, thus limiting the volume of U.S.-sourced shipments.

In the market for **lawn and garden products,** U.S. companies have in the past done well with power mowers, accounting for almost half of the 1983 market for riding mowers. Despite a substantial decline in 1984, prospects for power mowers, especially electric models, remain good (see Most Saleable Products box). To mitigate the effects of the strong dollar, some U.S. vendors now install U.S.-built motors in European-built mowers for sale in Belgium. Firms such as Arrow and MTD have a good reputation on the Belgian market. Distributors also give them high marks for their efforts to tailor marketing and product lines to Belgian tastes—a strategy often ignored by other U.S. competitors.

Figure 1
Belgium: Expenditures for household consumer products, 1984 and projected 1989

(in millions of U.S. dollars)



Source: International Trade Administration, Export Promotion Services research report.

Among other lawn and garden items, U.S.-built outdoor furniture has not been well received; buyers dislike both wood and tubular steel construction. On the other hand, American manufacturers of barbecues win praise for their design and quality (but not for price and promotion), and selected vendors of garden tools do well based on quality, reliability, and understanding of customer and distributor requirements.

Housewares have traditionally accounted for more than half of U.S. sales; shipments of such items however, dropped sharply between 1983 and 1984, with further declines anticipated by 1989. Currently, little American cutlery, tableware, and kitchenware finds its way into the Belgian market, though Anchor Hocking continues to be moderately successful with glassware. U.S.-built mechanical and electrical kitchen appliances, though recognized as being well made, suffer from uncompetitive pricing. Products offering sales potential include upmarket glass tableware, porcelain and glass cookware, portable electric irons, microwave ovens, and lighting fixtures.

The U.S. presence is said to be more noticeable in the market for **bathroom accessories;** by 1989, imports from the United States are projected to double their 1984 total of $1.5 million. Local distributors point out, however, that American firms could make greater effort to establish themselves here. Firms willing to adapt their products to the European market have generally set up manufacturing subsidiaries, as Rubbermaid has done in Germany, and as Shick and Gillette have done in the United Kingdom, Netherlands, and Germany.

With imports valued at $6 million in 1984, U.S. firms have succeeded in establishing a strong presence in the market for **home, hand, and power tools.** A

Most Saleable Products

- Minitractors
- Rototillers
- Motor cutters
- Lawn mowers
- Sprayers
- Branch and bush cutters
- Chain saws
- Coffee makers
- Toasters
- Mixers
- Refrigerators
- Freezers
- Washing machines
- Heater-convectors
- Water boilers
- Irons
- Vacuum cleaners
- Electric clocks
- Cutlery
- Lamps and fixtures
- Utensils
- Wood products

Table 2.—Belgium: Imports of household consumer products, 1984 and projected 1989
(in millions of U.S. dollars)

	1984	1989
Lawn and garden products		
United States	3.0	3
Germany	23.0	30
Japan	6.0	11
France	4.0	6
Other	33.0	50
Total	69.0	100
Housewares		
United States	9.0	7
Germany	210.0	495
France	120.0	
Italy	90.0	
Other	226.0	290
Total	655.0	792
Bathroom accessories		
United States	1.5	3
Germany	30.0	73
Netherlands	17.0	
France	15.0	
Other	16.5	25
Total	80.0	101
Home, hand, and power tools		
United States	6.0	7
Germany	70.0	141
Netherlands	33.0	
France	20.0	
Other	86.0	106
Total	215.0	254
Grand total	1,019.0	1,247
Total from the United States	19.5	20

Source: See source notation of table 1.

combination of manufacturing subsidiaries elsewhere in Europe and exports from factories in the United States has enabled firms such as Black & Decker, Skill, and Stanley to gain a market foothold. By contrast, suppliers hoping to serve the market solely with U.S.-sourced shipments may find the price competition overwhelming. This is expected to limit growth of U.S.-sourced imports, which are projected to rise to just $7 million by 1989.

Among the firms doing well in this product segment, Arrow sells staplers, Sherwin Williams markets paint, and Muller offers de-icers. Hot air blowers for paint stripping and caulking guns are identified as products with sales potential.

Domestic suppliers.—Belgian suppliers of household consumer products enjoy few advantages enabling them to compete with foreign vendors, for the following reasons:

- Domestic production costs are high, and other European vendors are close enough to the market to provide excellent service and marketing support.
- With little brand loyalty among customers, as well as unfettered access to the local market by the country's EEC neighbors, Belgian firms find it difficult to attain international status in this industry.
- Most local manufacturers are small (all but a handful employ fewer than 100 workers) and lack capital. Government incentives to expand production also are lacking.

Belgian suppliers have made headway in markets where they can benefit from their ability to respond quickly to changing market requirements, as in the lamp and lighting industries.

The two largest firms producing household consumer products in Belgium are Nova (owned by ITT) and Calor. Both firms manufacture large and small electric appliances. Other companies succeed in protecting niches in selected markets. Example include:

- Bekaert (metal garden trellises)
- Eternam (stainless steel cutlery)
- Durobor (glassware)

Third-country suppliers.—Manufacturing plants located outside Belgium but inside the EEC dominate the market. Trade estimates peg the 1984 share of EEC suppliers for major product categories as follows:

Lawn and garden products	75 percent
Housewares	80 percent
Bathroom accessories	90 percent
Home, hand, and power tools	70 percent

Belgium's neighbors, Italy, France, the Netherlands, and Germany, are the leading sources of household consumer products. EEC-based subsidiaries of U.S. firms are among the most active in the market. These include Black & Decker, Corning, Dunlop, Gillette, Shick, and Rubbermaid.

From outside the EEC, a growing volume of Asian-sourced imports comes into Belgium. Among the countries who have expanded their shipments of houseware in recent years are:

- Japan—microwave ovens, power tools
- South Korea—cutlery
- Taiwan—hand tools, barbecues
- Hong Kong—household utensils, hand tools.

Distribution Channels

In 1983, more than 9,000 retail outlets in Belgium handled household consumer goods. The total was divided up as follows:

All independents	8,000
Supermarkets	1,060
Direct mail marketing agencies	80
Cooperatives	90
Cash and carry	9
Total	9,239

Over the past decade, specialized garden and do-it-yourself (DIY) centers have emerged as a potent

new marketing channel. Offering narrow and deep product ranges, tight stock control, and knowledgeable customer service, most of these outlets have achieved excellent results.

Imported household products reach the consumer mainly by way of specialized importers who buy direct from suppliers or through an export agent. Options open to U.S. or other foreign suppliers are shown graphically in figure 2. The method of distribution actually selected depends on the individual case and should take into account the type of product, the nature of the competition, and the qualities of the individual agent.

Trade sources emphasize the importance of selecting the right agent. The U.S. manufacturer should be sensitive to the peculiarities of the local marketing environment and be willing to adapt its approach to conditions and practices prevailing in Belgium. Agents/distributors who maintain stocks locally generally are preferred.

Among the leading retail outlets is GB-Inno-BN. With its head office in Brussels, the group consists of 6 divisions that function autonomously and take in more than 400 retail outlets ranging from hypermarkets to auto centers and DIY storers. Macro NV at Antwerp is primarily a cash and carry wholesale company with six large sales outlets in Belgium. The company sells only to some 400,000 cardholders; these include professionals of all kinds, small and large companies, restaurants, and caterers. Other large household consumer product retail groups include:

- Sarma Penny (U.S.-owned since 1927), with 15 large department stores, 20 supermarkets, several hypermarkets, and 25-30 textile outlets;
- Louis Delhaize/Frabelmar/Distrimas/CORA, a group of hypermarkets and department stores;
- Galeries Ansbach, which has eight department stores in Brussels.

Markups vary with product, type of outlet, and the level of technical, financial, and other services required. Commission agents typically receive 7-12 percent, while importers and wholesalers ordinarily apply 20-30 percent. At retail, markup also depends on maintenance, stockholding, and other service provided. Upmarket stores providing personal attention generally require a higher margin and may not carry products that generally yield inadequate profits or are subject to heavy discounting.

Market Access

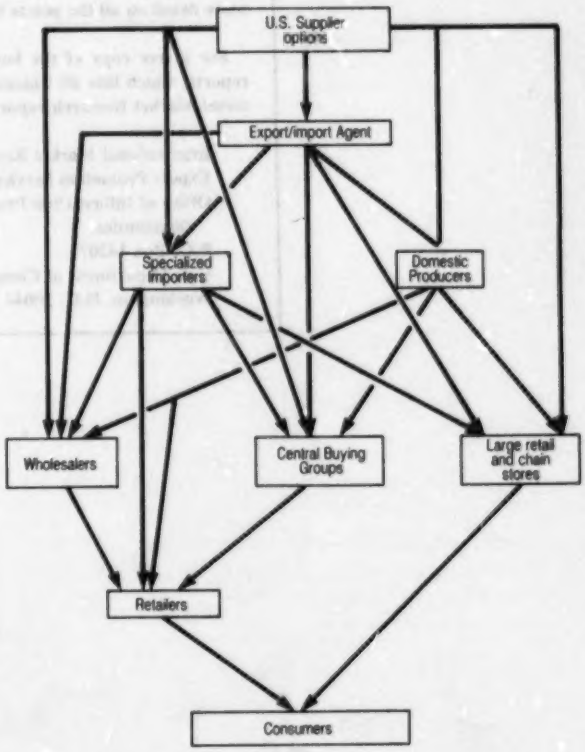
In part because of the prolonged economic recession, price is now the most important factor influencing purchase decisions. With high unemployment, lower disposable incomes have forced most retail customers to shop at discount outlets; only those who can still afford the higher priced premium products gravitate to upmarket retailers. Other trends showing the growing importance of price include significant price-cutting in the electric household appliance market and a rising volume of lower cost imports from Asia and Eastern Europe.

Promotional methods to reach final customers include press advertising and direct mail. Radio and television commercials are banned on Belgium's official networks, thus restricting would-be advertisers to the neighboring French, Dutch, and Luxembourg stations that also reach Belgian listeners. Institutional buyers also may receive more personal attention, including direct selling by suppliers.

Trade shows are considered vital for reaching importers, wholesalers, and retailers in the household products industry. Both Belgian and all-European events are well attended by Belgian buyers. Advertising in trade publications and direct mail also play a significant role in establishing and maintaining a market presence.

Standards in Belgium tend to follow those that apply elsewhere in the European Community. Trade sources note, however, that local consumers tend to prefer products marked with symbols denoting conformance to Belgian standards. These include:

Figure 2
Belgium: The trade channel media for home products



Source: International Trade Administration, Export Promotion Services research report.

- The Benor symbol, showing conformance to current standards of the Belgian Institute of Standards.
- The CEBEC symbol, showing conformance to the standards of the Belgian Electrotechnical Committee. CEBEC works closely with the European Electric Standardization Committee (CENELEC).

Import duties for U.S.-sourced household consumer products are generally in the 4-9 percent range. Some items, notably carpets, linens, towels, and other textile goods, carry tariffs as high as 14-17 percent.

A value-added tax (VAT) is also levied on the duty-paid c.i.f. value of the goods at time of entry into Belgium. Generally, duties and VAT are paid by the Belgian importer.

Additional Information

The project officer responsible for Country Market Surveys on household consumer products is:

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The Survey summarizes a 71-page International Market Research (IMR) report prepared by CII International (UK) Limited in the United Kingdom under contract for the U.S. Department of Commerce and reflects the opinions and views of interviewees in Belgium and not necessarily those of the Department of Commerce. The IMR report gives considerably more detail on all the points touched upon in the Survey.

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